

MINUTES

**California Alternative Energy and Advanced
Transportation Financing Authority
801 Capitol Mall, Room 150
Sacramento, California
October 17, 2017**

1. CALL TO ORDER AND ROLL CALL

Steve Juarez, Chairperson, called the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA or the “Authority”) meeting to order at 10:30 a.m.

Members Present: Steven Juarez for John Chiang, State Treasurer
Anne Baker for Betty T. Yee, State Controller
Eraina Ortega for Michael Cohen, Director,
Department of Finance
Pamela Doughman for Robert B. Weisenmiller, Chair,
California Energy Commission
Rohimah Moly for Michael Picker, President,
Public Utilities Commission

Staff Present: Deana Carrillo

Quorum: The Chairperson declared a quorum.

2. MINUTES

Mr. Juarez asked if there were any questions or comments concerning the September 19, 2017 meeting minutes. There were none.

Mr. Juarez asked if there was a motion.

Ms. Ortega moved for approval of the minutes; upon a second from Ms. Baker, the minutes were approved.

The item was passed by the following vote:

Steve Juarez for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Pamela Doughman for the California Energy Commission	Abstain
Rohimah Moly for the Public Utilities Commission	Abstain

3. EXECUTIVE DIRECTOR’S REPORT

Ms. Carrillo reported that October 6, 2017 was National Manufacturing Day. Ms. Carrillo spent the day in San Diego at a regional manufacturing breakfast, highlighting the assistance the Sales

and Use Tax Exclusion (STE) Program can provide to manufacturers and learning about some of the challenges facing different facets of the manufacturing community.

Ms. Carrillo further reported that if the STE applications under consideration today are approved, CAEATFA will have awarded approximately 93% of the total STE for the calendar year, leaving \$6.7 million to award. She noted that CAEATFA currently has four applications under review, and if they are all approved, \$3,807,628 would be remaining for the rest of the year. This value differs from earlier reports as the amount of Qualified Property has changed during the review process. The deadline for projects for this year is Friday, October 20, 2017.

Ms. Carrillo continued her report by noting that under the California Hub for Energy Efficiency Financing (“CHEEF”), last month the Program was nearing its one million dollar milestone of enrolled loans, but as of 10/13/2017, the Program has enrolled \$1.4 million in loans. CHEEF staff is also working on proposals for the Small Business Commercial and Multifamily Pilots, with the goal of conducting public workshops and developing regulations over the next two quarters.

Ms. Carrillo noted several staff updates:

- Miriam Joffe-Block, who has been a critical component of CHEEF, has been chosen to continue to manage the development and implementation of the Pilots.
- John Ku is continuing to manage the CHEEF compliance efforts.
- Sim Randhawa was recently promoted to lead the CHEEF marketing efforts.
- Craig Morrow was hired into the new Manager II position over the CHEEF and comes to CAEATFA from Housing and Community Development.
- David Palsha has joined CAEATFA as the new PACE Analyst.

Ms. Carrillo stated that she hoped to have all remaining CAEATFA positions filled by the end of the year.

Ms. Carrillo reported that there were no actions taken under her delegated authority.

Ms. Carrillo then concluded her report.

4. BUSINESS ITEMS

A. DISCUSSION AND CONSIDERATION OF APPLICATIONS FOR SALES AND USE TAX EXCLUSION

- 1) SunLine Transit Agency
Presented by Melanie Holman, Analyst

Staff introduced Elan Bond, Project Manager, Nel Hydrogen.

Ms. Holman reported that SunLine Transit Agency (“SunLine” or the “Applicant”) is applying for the STE Program as an Alternative Source Manufacturer requesting \$7,000,000 in Qualified Property. SunLine has partnered with Proton OnSite and Nel Hydrogen to capitalize on these companies’ industry expertise and construct a renewable hydrogen production and fueling facility in Thousand Palms, California. SunLine offers curb-to-curb paratransit services as well as fixed-route bus services to over four million

riders annually and the company has a growing fleet of fuel cell electric buses. The project will utilize Proton OnSite’s M400 PEM Electrolyzer while Nel Hydrogen will be delivering its H2Station fueling equipment, enabling SunLine to produce its own hydrogen and power its fleet. SunLine has met all of the STE Program’s scoring thresholds.

Staff recommends approval of a resolution for SunLine Transit Agency’s purchase of no more than \$7,000,000 of Qualified Property, anticipated to result in a Sales and Use Tax Exclusion of \$589,400.

Ms. Ortega moved for approval and there was a second by Ms. Baker.

Mr. Juarez stated there was a motion and a second and asked if there were any other questions or comments from the Board or public. There were none.

There were no further comments and Mr. Juarez called for a vote. The item was unanimously approved.

The item was passed by the following vote:

Steve Juarez for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Pamela Doughman for the California Energy Commission	Aye
Rohimah Moly for the Public Utilities Commission	Aye

2) CalPlant I, LLC

Presented by Melanie Holman, Analyst

Staff introduced Chris Motley, Chief Financial Officer and Jerry Uhland, Chief Executive Officer. CalPlant I, LLC.

Ms. Holman reported that CalPlant I, LLC (“CalPlant” or the “Applicant”) is applying for the STE Program as an Advanced Manufacturer requesting \$92,278,983 in Qualified Property to build a new facility in Willows, California that will produce medium density fiberboard (MDF) from recycled rice straw. The project’s location in the Sacramento Valley means it is perfectly situated near where the majority of rice is grown in the state. Rice straw is a waste product of the rice farming industry and the MDF produced from it is more moisture-resistant and durable than the industry standard. The Project has passed all of the STE Program’s thresholds and is anticipated to have a significant net benefit to the state of \$7,927,204.

Staff recommends approval of a resolution for CalPlant I, LLC’s purchase of no more than \$92,278,983 of Qualified Property, anticipated to result in a Sales and Use Tax Exclusion of \$7,769,890.

Ms. Ortega moved for approval and there was a second by Ms. Baker.

Mr. Juarez stated there was a motion and a second and asked if there were any other questions or comments from the Board or public. There were none and the item was unanimously approved.

The item was passed by the following vote:

Steve Juarez for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Pamela Doughman for the California Energy Commission	Aye
Rohimah Moly for the Public Utilities Commission	Aye

3) QuantumScape Corporation
Presented by Melanie Holman, Analyst

Staff introduced Kevin Hettrick, Vice President of Operations, QuantumScape Corporation.

Ms. Holman reported that QuantumScape Corporation (“QuantumScape” or the “Applicant”) is applying for the STE Program as an Advanced Manufacturer requesting \$18,243,000 in Qualified Property to build a brand new facility in San Jose that will be producing lithium batteries for use in electric vehicles. After several years of research and development the company is ready to initiate the first phase of battery production, manufacturing batteries that QuantumScape represents are capable of storing more energy per unit mass and volume than the industry standard. The Applicant’s manufacturing process is also more efficient than the industry standard and will require fewer resources such as raw materials, tools, and energy. The project has passed all of the STE Program’s scoring thresholds.

Staff recommends approval of a resolution for QuantumScape Corporation’s purchase of no more than \$18,243,000 of Qualified Property, anticipated to result in a Sales and Use Tax Exclusion of \$1,536,061.

Ms. Ortega moved for approval and there was a second by Ms. Baker.

Mr. Juarez stated there was a motion and a second and asked if there were any other questions or comments from the Board or public. There were none and the item was unanimously approved.

The item was passed by the following vote:

Steve Juarez for the State Treasurer	Aye
Anne Baker for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Pamela Doughman for the California Energy Commission	Aye
Rohimah Moly for the Public Utilities Commission	Aye

5. PUBLIC COMMENT

Mr. Juarez asked if there were any comments from the public and there were none.

6. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting adjourned at 10:49 a.m.

Respectfully submitted,

Deana J. Carrillo
Executive Director